



DEPARTMENT OF AGRICULTURE

Rural Utilities Service

Supplemental Final Environmental Impact Statement for Healy Power Generation Unit #2, Healy, Alaska

AGENCY: Rural Utilities Service, USDA.

ACTION: Notice of Intent to Prepare a Supplemental Final Environmental Impact Statement.

SUMMARY: The Rural Utilities Service (RUS), an agency within the U.S. Department of Agriculture (USDA), intends to prepare a supplemental final environmental impact statement (SFEIS) to update information in the Department of Energy's (DOE's) "Final Environmental Impact Statement for the Proposed Healy Clean Coal Project" (FEIS), completed in 1993. The FEIS evaluated potential impacts to the human environment from DOE's proposal to partially fund the Healy Clean Coal Project (HCCP) in cooperation with the Alaska Industrial Development and Export Authority (AIDEA). The DOE published a Record of Decision for HCCP in 1994, and in 1997 Healy Unit #2 was constructed as a major modification to the existing Healy power plant, now known as Healy Unit #1. Healy Unit #1 is a 25 megawatt (MW) coal-fired boiler that has been owned and operated by Golden Valley Electric Association (GVEA) since 1967. Healy Unit #2 is a 50 MW coal-fired steam generator owned by AIDEA, which underwent test operation for two years as part of DOE's Clean Coal Technology Program. Unit #2 has been in warm layup since late 1999.

DATE: The Draft SFEIS is scheduled for publication in February 2013. A notice of availability will be published in the Federal Register announcing the review period of the SFEIS.

ADDRESSES: You may submit comments on the SFEIS by any of the following methods: Mail: Deirdre M. Remley, Environmental Protection Specialist, RUS, Water and Environmental Programs, Engineering

and Environmental Staff, 1400 Independence Avenue, SW, Stop 1571, Washington, DC 20250-1571;
Telephone: (202) 720-9640; or e-mail: deirdre.remley@wdc.usda.gov .

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION: RUS makes loans and loan guarantees to finance new infrastructure and upgrades to existing facilities in the areas of electricity, telecommunications, and water and wastewater in rural areas that qualify for federal assistance. During the 1994 USDA reorganization, the former Rural Electrification Administration (REA) utility programs were consolidated under RUS. The RUS Electric Program is authorized to make loans and loan guarantees that finance the construction of electric distribution, transmission, and generation facilities, including system improvements and replacements required to furnish and improve electric service in rural areas, as well as demand side management, energy conservation programs, and on-grid and off-grid renewable energy systems.

GVEA is a not-for-profit cooperative formed in 1946 with financing from REA to provide electric service to rural communities in interior Alaska. Because GVEA is an RUS borrower, RUS holds liens on GVEA assets and transfers of borrower assets in which RUS holds an interest require lien accommodations.

AIDEA provides support for the Alaska Energy Authority whose mission is to reduce the cost of energy in Alaska. AIDEA partially funded HCCP in cooperation with DOE's Clean Coal Technology Program. AIDEA currently owns Healy Unit #2 and wishes to sell it to GVEA.

RUS's predecessor, REA, was a cooperating agency on DOE's FEIS for HCCP, because it had administrative actions related to its lien interests in GVEA holdings. Recently, AIDEA and GVEA reached an agreement for GVEA to purchase Unit #2. Subsequent to the transfer of ownership, GVEA's

subsidiary, Tri-Valley Electrical Cooperative (Tri-VEC), would begin generating electrical power for commercial use in GVEA's service territory.

GVEA proposes to install additional emission controls to both Unit #1 and Unit #2 and to operate Unit #2 for the remainder of the plant's operational life. GVEA plans to request financial assistance from RUS to purchase and install additional emission control devices. Additionally, actions GVEA may request from RUS include any or all of the following:

- Approve a Power Sales Agreement from Tri-VEC to GVEA as required under Section 5(c) of RUS Loan Contract dated February 2, 2004 between GVEA and the United States of America.
- Approve a release of RUS's existing lien on the HCCP site at the time of its sale to Tri-VEC from GVEA, as provided to RUS under the Restated Mortgage and Security Agreement dated February 2, 2004, between GVEA and the United States of America.
- Providing financial assistance to GVEA or Tri-VEC for purchase and installation of emission control equipment.

As applicable, the SFEIS will document changes in the affected environment and environmental consequences that may have occurred since the FEIS was published in 1993. The FEIS is available on GVEA's website at <http://www.gvea.com/energy/hccp>, and the SFEIS will incorporate this document by reference and include only those topics that have changed since the FEIS was finalized.

Dated: December 4, 2012

Mark S. Plank,

Director, Engineering and Environmental Staff

USDA/Rural Utilities Service

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